

## Message Text

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ACTION ARA-14

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-----039074 132155Z /65

R 131715Z JUL 77  
FM AMEMBASSY SANTIAGO  
TO SECSTATE WASHDC 5622

C O N F I D E N T I A L SANTIAGO 5727

AID FOR ASSISTANT ADMINISTRATOR FOR LATIN AMERICA VALDEZ  
FROM CHARGE

STATE FOR ASSISTANT SECRETARY TODMAN AND M/MO

E.O. 11652: GDS  
TAGS: AMGT PFOR CI  
SUBJECT: AID STAFFING: APPOINTMENT OF AID AFFAIRS OFFICER

REF: SANTIAGO 4282

1. IN REFTEL I DISCUSSED IN DETAIL THE ECONOMIC, OPERATIONAL  
AND POLITICAL REASONS WHY I DID NOT WISH TO HAVE ANOTHER  
MISSION DIRECTOR ASSIGNED HERE UPON THE DEPARTURE OF THE  
INCUMBENT. THE REASONS OUTLINED IN REFTEL STILL OBTAIN.

2. IN ADDITION, OUR SITUATION HERE WITH RESPECT TO ECONOMIC  
ASSISTANCE HAS BEEN DRastically CHANGED BY THE GOC'S RECENT  
REJECTION OF VIRTUALLY ALL OF THE ECONOMIC ASSISTANCE  
AUTHORIZED AND APPROPRIATED FOR 1977 (SEE SANTIAGO 5449,  
5580). THE AID MISSION WORKED HARD ON PLANS FOR MANY 1977  
PROJECTS AND LOANS WHICH ARE NOW CANCELLED. FOR ALL PRAC-  
TICAL PURPOSES, NEW ECONOMIC ASSISTANCE FROM THE UNITED  
STATES TO CHILE TERMINATED ON JULY 1, 1976.

3. UNDER THE CIRCUMSTANCES, AID MISSION DIRECTOR JIM  
ROUSH AND I, AND OUR STAFFS, HAVE MADE A THORTUGH  
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ANALYSIS OF AID STAFFING LEVELS IN TERMS OF THE JOBS  
YET TO BE DONE AND AN EFFICIENT PHASEOUT. WE HAVE  
AGREED ON A PHASEOUT PLAN WHICH WOULD REDUCE AMERICAN  
POSITIONS TO EIGHT BY 12/77 AND TO THREE BY 9/78.

4. I WANT YOU TO KNOW MY STRONG VIEW THAT WHEN MISSION  
DIRECTOR ROUSH DEPARTS HE SHOULD BE REPLACED BY DON

MATTHIAS, CURRENTLY SERVING HERE AS ASSOCIATE DIRECTOR OF THE AID MISSION. DON WOULD ASSUME THE POSITION OF AID AFFAIRS OFFICER FOR THE NEXT 12 TO 15 MONTHS. MY RECOMMENDATION IN THIS REGARD IS BASED ON THE FOLLOWING CONSIDERATIONS:

-- ALL NEW ECONOMIC ASSISTANCE OPERATIONS IN CHILE WERE TERMINATED AS OF JULY 1976 (WITH THE EXCEPTION OF LESS THAN \$1 MILLION IN GRANTS AND OPG'S OBLIGATED BEFORE THE CHILE AID CUTOFF).

-- THE AID OPERATION IS NOW, AND ON A REDUCING SCALE WILL BE, A MONITORING OPERATION.

-- AID PERSONNEL WILL BE REDUCED TO THREE US POSITIONS IN THE NEXT 14 MONTHS.

-- FOR AID TO TRANSFER ANOTHER OFFICER FROM WASHINGTON (OR ANOTHER POST) TO CHILE TO REPLACE MR ROUSH WOULD BE A HEAVY WASTE OF THE TAXPAYERS' MONEY-- TRANSFERS ARE EXPENSIVE.

-- FINALLY, AND MOST IMPORTANTLY, TO BRING A NEW AID CHIEF TO CHILE, REGARDLESS OF TITLE, WOULD GIVE THE GOC ABSOLUTELY THE WRONG POLITICAL SIGNAL IN VIEW OF THEIR CANCELLATION OF OUR AID.

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5. IN ADDITION TO THE ABOVE CONSIDERATIONS, I WOULD NOTE THAT MR MATTHIAS IS ALREADY HERE IN CHILE, HE IS FAMILIAR WITH AID OPERATIONS HERE, HE HAS SERVED IN CHILE BEFORE, HE SPEAKS SPANISH, AND I AM MOST COMFORTABLE WORKING WITH HIM.

6. I APPRECIATE YOUR CONSIDERATION IN THIS MATTER.  
BOYATT

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NNN

## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, ORGANIZATION & MANAGEMENT, PERSONNEL ASSIGNMENTS, FOREIGN ASSISTANCE PERSONNEL, AID MISSIONS  
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**Disposition Date:** 22 May 2009  
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**To:** STATE  
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**Review Markings:**  
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